

videoNEXT Network Solutions, Inc.

***Leading Software for
Physical Security Information Management***

Corporate Qualifications and Capabilities



VideoNEXT – Video Surveillance Software Developer



Overview	<ul style="list-style-type: none">▪ Develops video surveillance & sensor management, C4ISR software.▪ Clients include government defense, homeland security, public safety & transportation sectors▪ New opportunity with Apple SME market▪ \$12.8m invested, 17 FT employees	Company financials
Strengths	<ul style="list-style-type: none">• High-quality product, Low-cost development• Good business model; software only, recurring support• Growing market for digital video in all segments• Defensible advantages in high value, complex DoD apps• Substantial backlog with major accounts (Northrop, DRS, Army, Navy, Siemens)• FY 2010 Profitable & cash positive	
Weaknesses	<ul style="list-style-type: none">• Long and difficult sales cycle• Increasing competition in core “fixed facilities” market• Liquidity	
Problems / Opportunities	<ul style="list-style-type: none">• Commercial growth stalled, focus on government• Expand into full motion video market for UAV and UGV• Revised sales plans for 2011	
Exit	<ul style="list-style-type: none">• Sale to OEM (eg CISCO, GE, L-3, Raytheon, DRS, Siemens)	

Company Overview

- Founded in 2002; Corporate HQ- Chantilly, VA, USA
- Digital Surveillance and Security Software
 - Video & Sensor Management Systems
 - Video Content Analytics
 - Command & Control, Video Wall Displays
 - Geospatial / Situational Awareness
 - Mobile (2.5 & 3G) Video
 - Access Control Integration
 - Software as a Service
 - Original Equipment Manufacturing (OEM) & Private Label Editions
 - Customization and integration for large, complex projects
- Privately held by management and private equity
- Profitable & cash positive
- Strong, Established Presence with US DoD & Federal Agencies, Fortune 1000, Global 1000

Markets Served

1. Agriculture and Food
2. Commercial Facilities
3. Dams
4. Energy
5. Information Technology
6. Postal and Shipping
7. Banking and Finance
8. Communications
9. Agriculture and Food
10. Defense Industrial Base
11. Government Facilities
12. National Monuments
13. Transportation Systems
14. Chemical
15. Critical Manufacturing
16. Emergency Services
17. Healthcare and Public Health
18. Nuclear Reactors, Materials, and Waste
19. Water

Core Horizontal Focus

- **Video Surveillance**
 - Network Video Recording (NVR)
 - Video & Sensor Management System
 - IP Video Transport Networks
 - High Availability Systems
 - Large Video Archives using SAN, NAS, DAS
 - Intelligent Video Content Analytics
 - C² Annunciators, Command Centers
 - Geospatial (2d/3d) map interfaces
 - Video Walls
 - Remote Video Access
 - Mobile Video Access
- **Physical and Logical Security Convergence**
 - Wireless Cameras, Sensors and Viewers
 - Fire Protection
 - Mass Notification
 - RFID
 - Biometrics
 - Access Control
- **Vulnerability assessments and COOP**
- **System and architecture design**
- **Related component and system specifications**
- **Testing, Quality Assurance**
- **Training and education**

Skill sets and Technologies

- Unix/Linux and OS-X (Apple)
- Apache
- ANSI C, C++ C#, Objective C
- SQL
- Java, Ajax
- PHP, Perl
- SOAP, Web Services
- .NET
- Windows Media
- iPhone
- Wireline and Wireless networking of all kinds

Technology Differentiators

- True Open Architecture
- Browser based, plus specialized client software as needed
- Mission critical Unix OS (Red Hat Linux/Apple OS-X)
- No proprietary hardware
- Fully customizable via APIs and SDKs
- Advanced Video Analytics, US ARL, DARPA, AFRL, ONR
- Unique storage & bandwidth management tools; Frame Rate Decimation, bit rate shaping, transcoding
- Integration with biometrics, RADAR, access control & IDS

2011 Business Plan

- Follow Software Roadmap
 - Aurora, Avatar modules
 - DoD/Intel Suite - STANAG, MISB, JAUS Interfaces
 - Service Oriented Architecture / Web Services Interfaces
- Obtain Information Assurance DISA JITC, Facility Clearance
- Obtain Quality Assurance, ISO9001, CMMI Level 3 Audit & Registration
- Organize for Federal market vs. International & Apple SME markets
- Build internet infrastructure for on-line and self service sales of Apple solution worldwide
- Improve customer service
- Increase Federal business development capacity

Software Products

Apple Solution -- Basic solution on Apple platform for Small - Mid Sized Businesses:

- 'Cirrus' – same core as Enterprise, but scaled back, with simplified interface, self installation by customers or dealers, and available exclusively on the Apple computer platform, distributed through Apple and Apple dealer channel, and for sale online.

Enterprise Solution -- Traditional product line on Linux and OS-X (Apple); sold in tiers:

- 'Stratus' an 'a la carte' product allowing customers to purchase specific feature set bundles of increasing sophistication. The buttons for unlicensed features are "grayed out;" the customer can pay to unlock them.
- 'Nimbus' a cost effective bundle of most widely used features, and multi-server capability.
- 'vMX' new Virtual Multiplexer provides software-based "video walls" using inexpensive COTS (commercial off-the-shelf) computer hardware, at a much lower cost than competing proprietary solutions.

DoD-Intel Solution -- Product line with additional enhancements for US government markets;

- 'Altus' is the flagship product with the full feature set. Includes SDKs and APIs for integrating with other security components, and suited for large enterprise deployments. Altus supports highly specialized interfaces to military systems such as Unmanned Aerial Systems (UAV/S), Unmanned Ground Vehicles (UGV robots), RADAR and SONAR and other technologies.
- 'Aurora' is a new headquarters product suited for distributed enterprise deployments. Aurora supports federated proxies of numerous remote locations, rolling up to regional and national supervisory displays.
- 'Avatar' is a new remote controlled node suited for managing clusters of sensors at dispersed locations. Avatar nodes roll up to regional and national supervisory displays, but have simplified local interfaces and databases not intended for local user operation.

Mobile Solution -- Connects to all of the above in three tiers, CAVU Free, CAVU, and CAVU Pro Available on iPhone/iPad now, Blackberry and Android underway

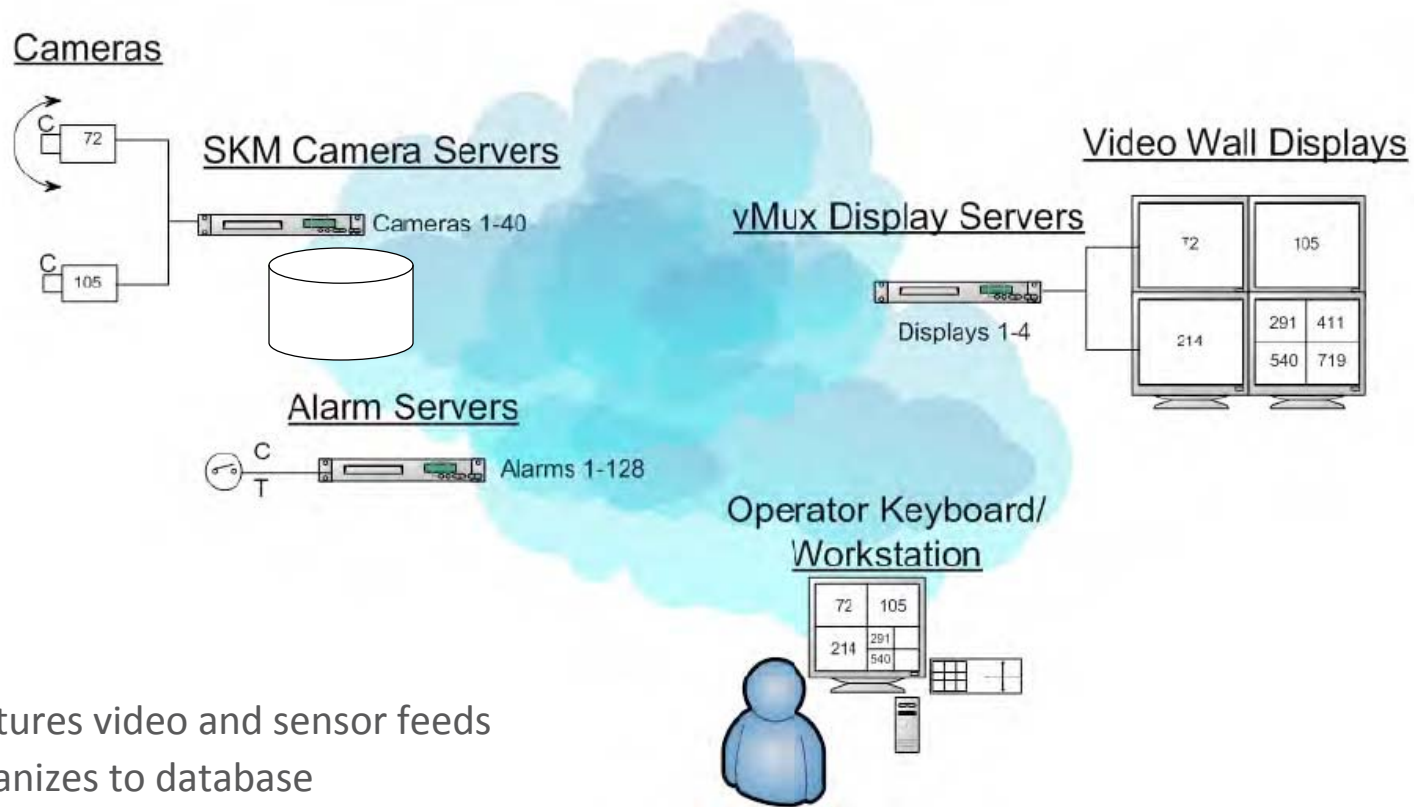


Software Customization

Some examples of software customization performed for customers are:

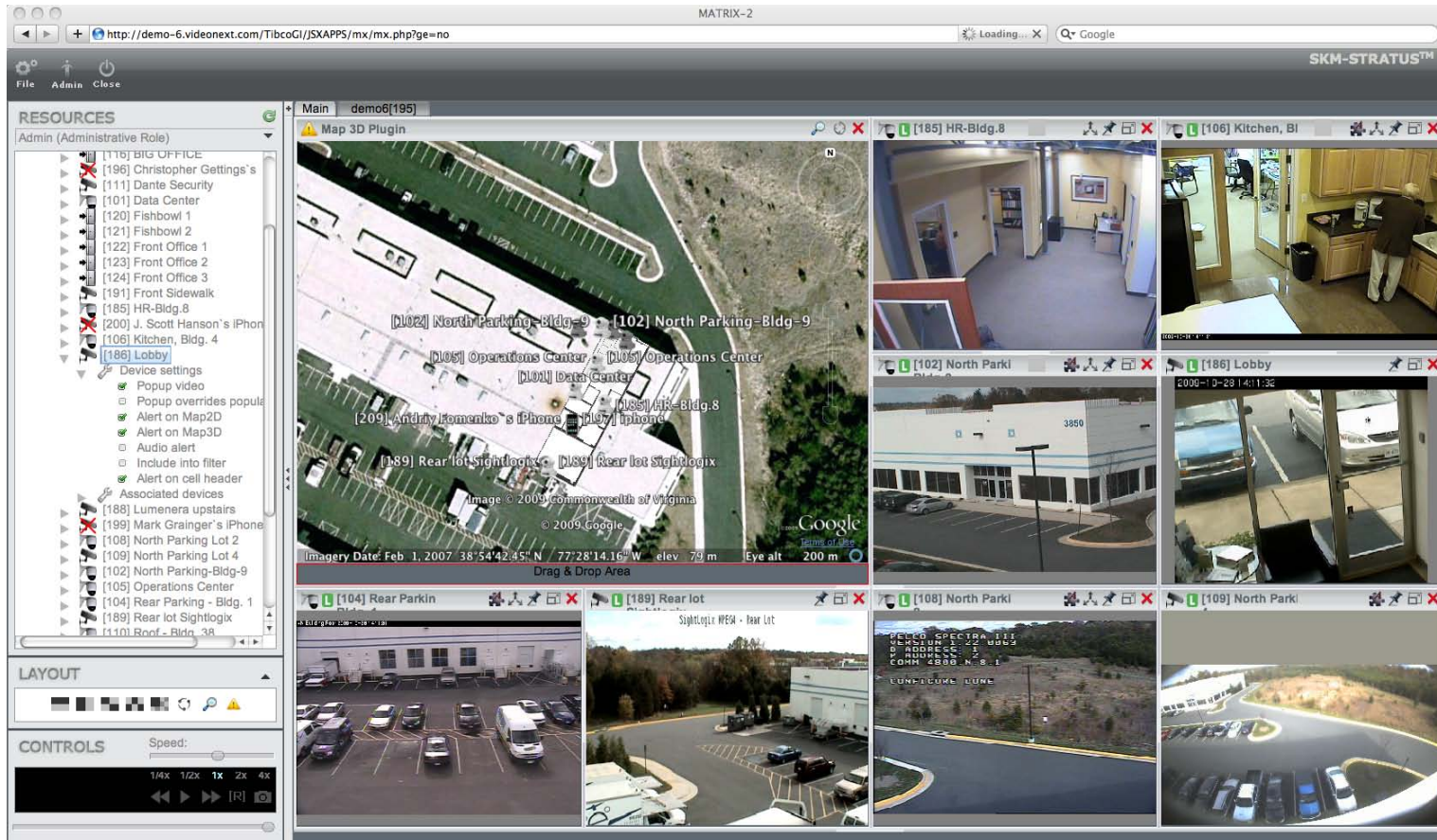
- Slew PTZ cameras to RADAR track from Raytheon and other ICD-100 RADARs.
- Slew PTZ cameras to video analytic track from Sightlogix and other intelligent cameras.
- Send video content analytics to mobile handheld
- Time synchronize live and recorded streams to Object Video VEW server for video content analytics
- Validate primary video analytic with secondary video analytic to reduce false alarms
- Queue requests for joystick control with different priority for registered users vs. public users
- Integrate Diebold Predator Lynx C² platform
- Integrate L-3 IBDA C² platform
- Integrate Raytheon Athena C² platform
- Integrate LG Iris scanning camera for biometric access control
- Integrate Securimetrics fingerprint reader for biometric access control
- Integrate Wherenet RFID readers for integrated logistics tracking
- Integrate MPEG2 TS multicast for UAS video management
- Integrate JAUS for UGV control and video management

System Architecture



- Captures video and sensor feeds
- Organizes to database
- Stores in scalable archive
- Distributes to browsers, video walls, and mobile handsets

Matrix View for Operators



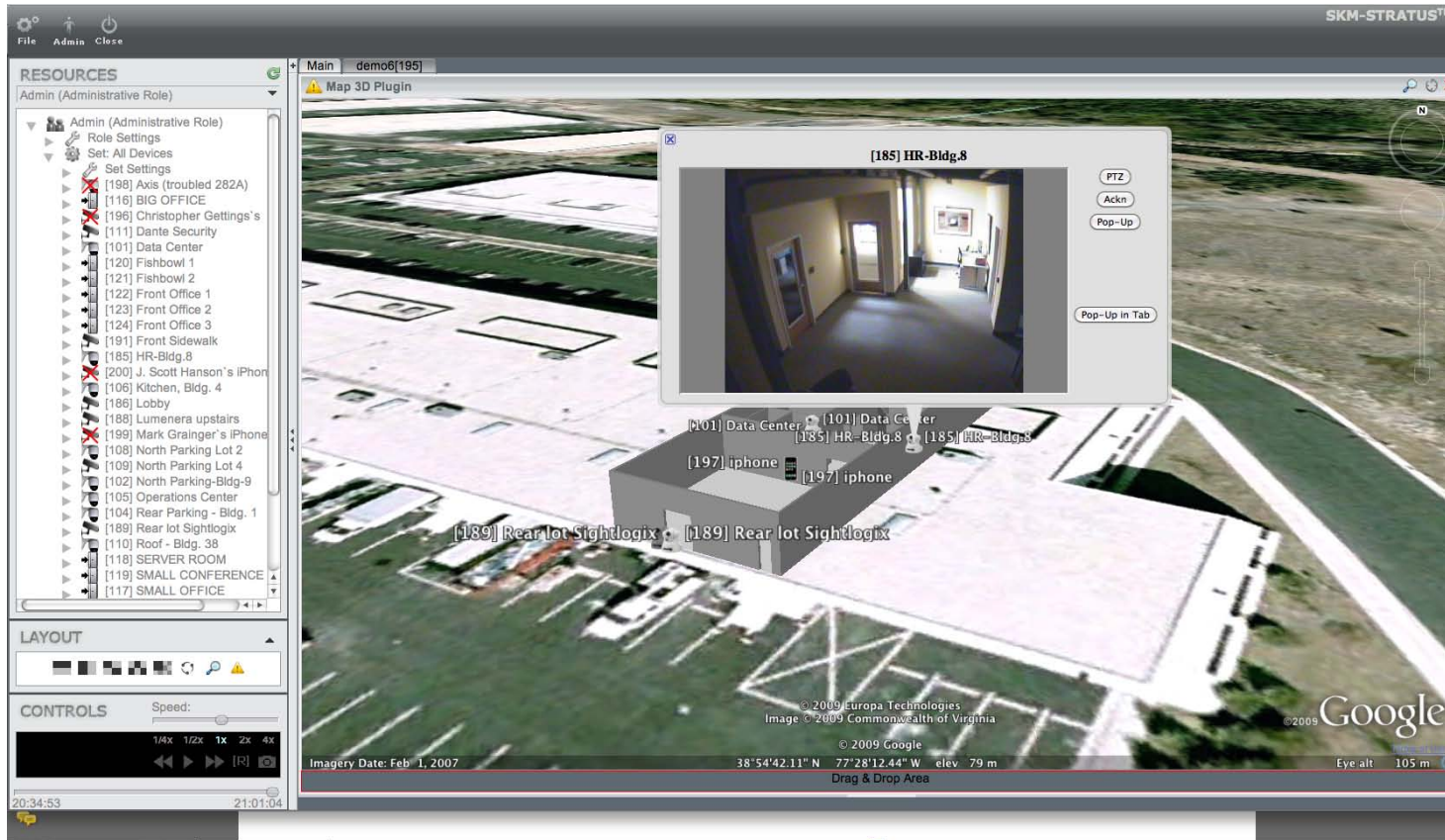
- User defined layouts
- Pick cameras from list or from map
- Player controls for recordings
- Multiple tabs expand screen area

Camera Control



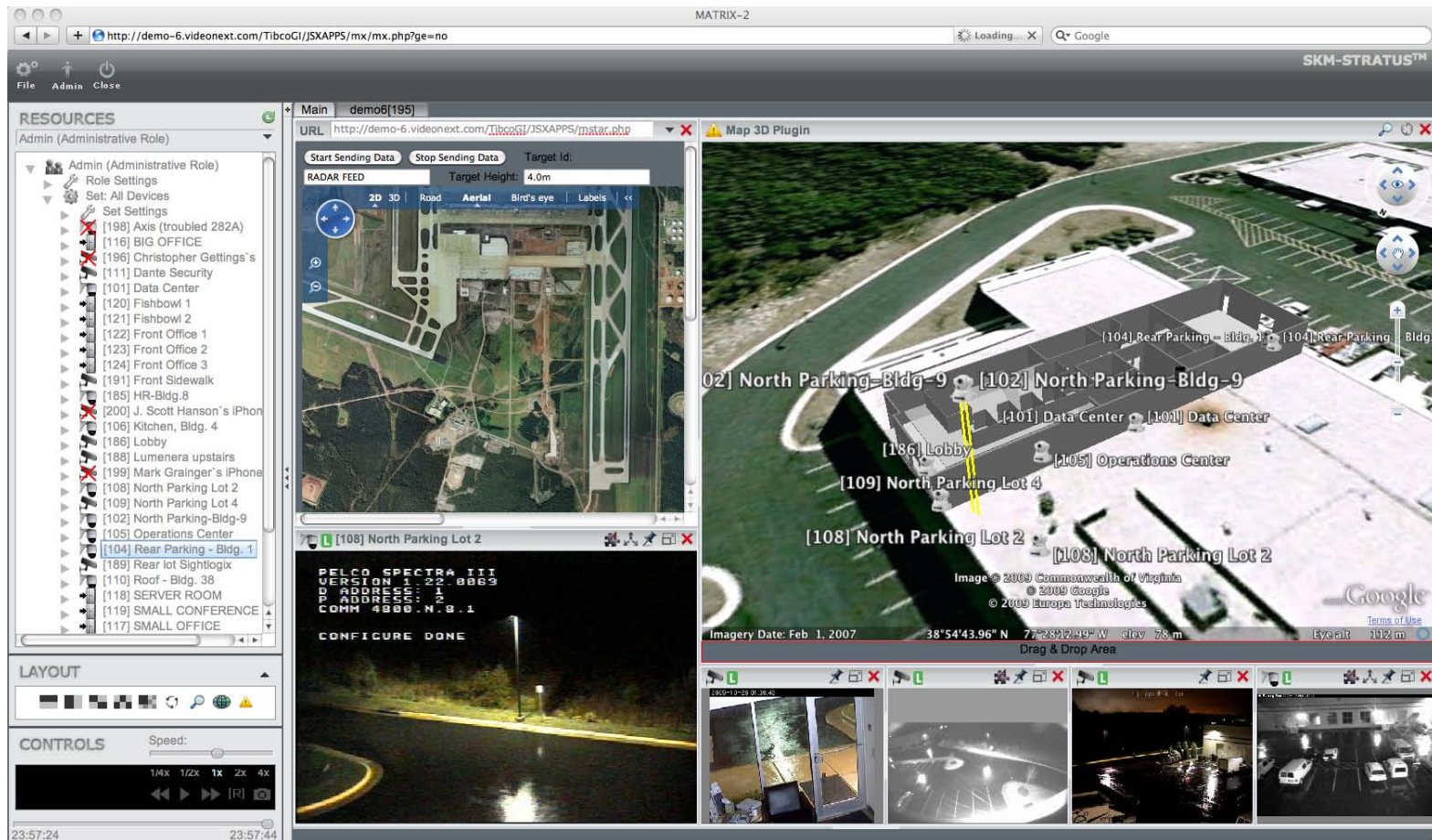
- Virtual joystick for camera control
- Common interface for any camera
- Camera specific features on sub-menus

Navigate domain in 3d map, pop up sensors



- Full camera display and control in model
- Point and click to send cameras to matrix video wall

2d and 3d map interfaces



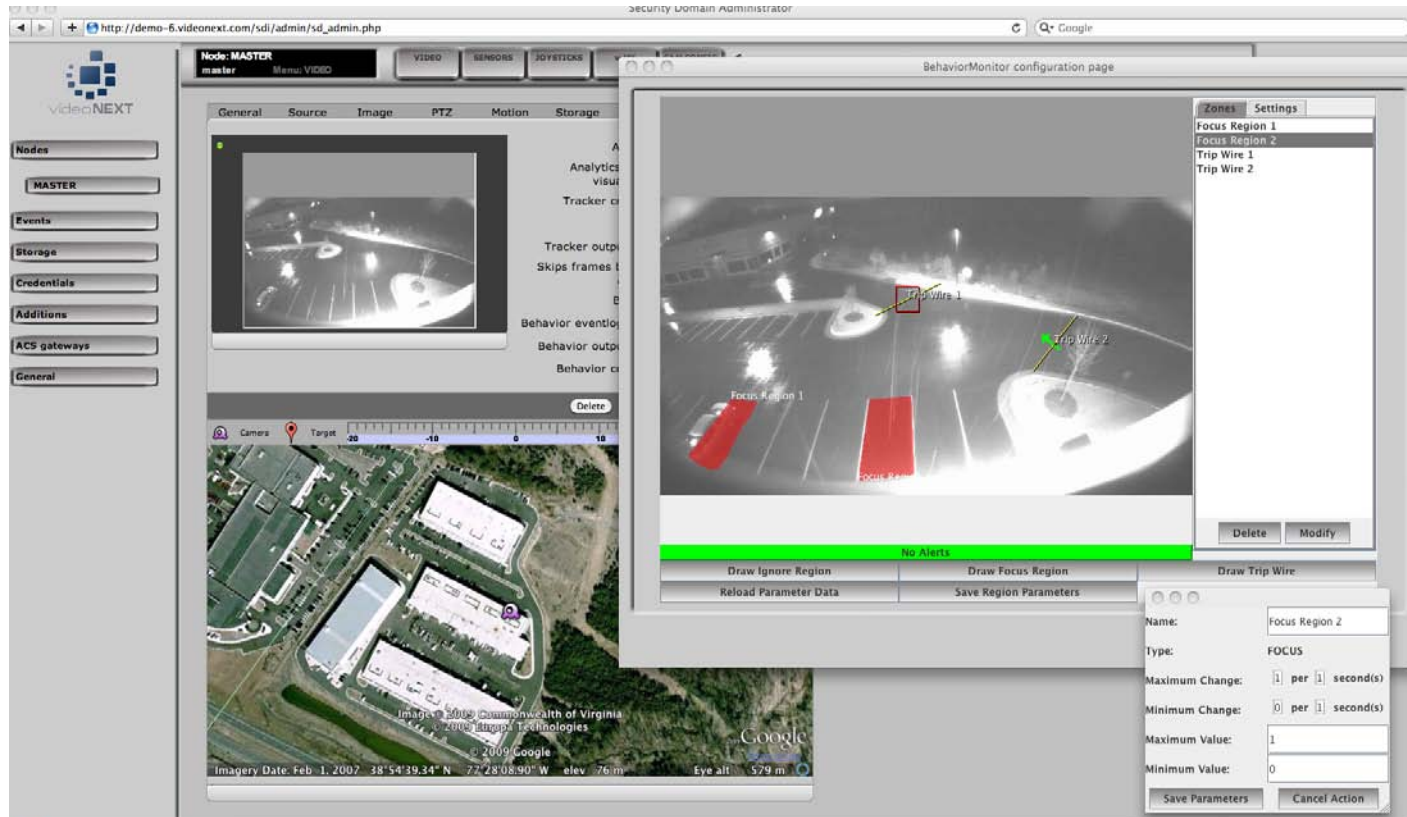
- Display camera and sensor status
- Display target tracks from RADAR, video analytic, RFID or other co-ordinate based sensor systems
- Steer cameras with mouse clicks on map locations

Manage Remote Video Walls



- Drag and drop cameras in web GUI
- Camera feeds display on remote wall
- Saves bandwidth
- no single point of failure

Video content analytics is easy to set up



- Processing on board VMS server, or on edge device
- Draw rules on video window to define rules
- Adjust parameters for desired response
- Multiple rules per camera
- Alerts in real time event log

CAVU mobile for iPhone



Alarm Event Log

- Event log contains alarms from video analytic, access control or any source on server
- Acknowledge, playback associated video



Play any recorded time period



CAVU mobile for iPhone



- Point iPhone camera at area of interest
- Stream video back to server
- Display video in GUI or on other iPhones
- Locate iPhones on Google Earth map interface

Image © 2009 Commonwealth of Virginia
© 2009 Europa Technologies
© 2009 Google

38°54'34.60" N 77°28'08.63" W elev. 76 m
Drag & Drop Area

Eye alt: 3.42 km

ce	Source	Message	User note
Christopher Gel	User	iStream device woke up	
North Parking-E	MD	Motion Detector	
Kitchen, Bldg. 4	MD	Motion Detector	
North Parking-E	MD	Motion Detector	



Key benefits

- Implement an end-to-end, IP-based solution for digital video surveillance.
- Transform video surveillance from a closed, "black box" solution to an open, standards-based system that uses a best-of-breed IT infrastructure.
- Move from analog cameras, videotape, and DVRs to more advanced IP cameras and enterprise-class systems and storage architectures.
- Easily and affordably scale your digital video surveillance solution.
- Obtain a cohesive operational picture by managing all physical security information on a single platform.
- Transition to IP cameras that provide an image quality superior to that of analog cameras and DVRs.
- Help to reduce storage costs while increasing data retention times.
- Enable security officers to view video and physical security information from their desks, video walls, or iPhone devices.

Apple Solution

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DoD - Intel Solution

DoD-Intel Solution -- Product line with additional enhancements for US government markets;

- **Mobility:**
 - CAVU live video from C2 Cameras to iPhone
 - Pan, Tilt and Zoom from iPhone and iPad
 - CAVU Playback recordings, receive alarms
 - Multi-platform (iPhone, iPad, Laptop, Desktop)
- **Situational Awareness:**
 - CAVU Tracking on GE geo interface of iPhones, iPads, UGV and Vehicles
 - CAVU Live video from dismount iPhone to C2 and other iPhones
 - Thermal and Visible cameras
- **Interfaces to Standard Military Assets:**
 - JAUS UGV Robot to iPhone video
 - Threshold: live and recorded video from UGV
 - Objective: Control of UGV
 - TARDEC Warfighter Machine Interface (WMI)
 - CAVU live and recorded video display and control in WMI vehicle interface
 - Threshold: live and recorded video, camera control in WMI
 - Objective: 3D GE Geo Interface in WMI
 - RACE Cloud Based Computing
 - DISA Rapid Access Computing
 - NPRNET connections

Proprietary and Confidential -- Subject to Non-Disclosure



DoD - Intel Solution

DoD-Intel Solution -- Product line with additional enhancements for US government markets;



Unmanned Aerial Systems

Capture, Organize, Store and Distribute
MPEG2 TS Streams
KLV Metadata
NATO Standard Interfaces
NGA MISB Standard Interfaces

DoD - Intel Solution

Interfaces Demo Case - WMI



USE CASE:

- Warfighter Machine Interface for Vehicles
- WMI Compliant Access to CAVU
- WMI viewing of CAVU dismounts and UGV video (threshold)
- WMI control of UGV teleop (objective)
- WMI tracking of CAVU Dismounts (Objective)
- Live and Recorded video, control



MLOS/BLOS Fire



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videoNEXT

Interfaces Demo Case - UGV



USE CASE:

- ODIS T2 UGV video inspection of vehicle
- JAUS compliant interfaces
- Stand-off inspection for IEDs via CAVU iPhone, iPad
- CAVU viewing of UGV video (threshold)
- CAVU control of UGV teleop (objective)
- Recording UGV video
- Geo Tracking of UGV



Real Time Geo + Video

Real Time Geo + Video



Customers

Prime Contracts

- US Army IMCOM
- US Navy NAVSEA

Subcontracts

- US Army Ft. Belvoir
- US Army FOB Cropper/BIAP
- US Air Force NCR-IADS / JADOC
- US Air Force ESC
- US Air Force Space Command
- US Air National Guard
- US Navy NAVSEA
- US Navy ONR
- US Navy PACOM
- US Navy RTC
- US DHS / Coast Guard
- US DHS / FPS
- US Bureau of Prisons

State/Local

- Arlington County, VA, DOT
- District of Columbia Water Authority
- District of Columbia Metro Police
- Plano Texas Water Authority
- Austin Texas Airport Authority
- Commonwealth of VA

GOC/GSE

- Nat. Rail Pass. Corp / Amtrak
- Fed. Home Loan Mort. Corp / Freddie Mac

Commercial

- Wellington Management
- Rolex

Financial Metrics 2008-2013

	Actual			Forecast		
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenue	862	1,448	2,367	3,958	7,915	11,873
COGS	603	275	110	15	31	50
Gross Profit	259	1,173	2,257	3,943	7,884	11,823
Expenses	3,347	1,916	2,114	2,280	4,561	7,069
Net Income	(3,215)	(892)	20	1,525	3,324	4,754
EBITDA	(3,081)	(743)	143	1,663	3,424	4,854

FY 2011 Revenue Base Case

			Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011
Revenue Recognition							
	Equipment Sales	✓ -	1,100	-	6,783	120,000	127,883
	Professional Services	✓ -	55,300	46,316	24,000	84,000	209,616
	Software License	✓ -	142,715	1,517,349	624,590	801,864	3,086,517
	Support	✓ -	145,075	210,236	84,403	93,913	533,627
	Other	✓ -	-	-	-	-	-
Total Revenue		-	344,190	1,773,900	739,777	1,099,777	3,957,644
Cost Of Goods Sold							
	Equipment Sold Costs	✓ -	1,045	-	-	-	1,045
	Professional Services	✓ -	11,320	2,400	-	-	13,720
	Shipping	✓ -	-	-	-	-	-
	Software License Fee	✓ -	-	-	-	-	-
	Telecommunications	✓ -	-	-	-	-	-
	Travel	✓ -	-	-	-	-	-
	Other	✓ -	-	-	-	-	-
Total Cost Of Goods Sold		-	12,365	2,400	-	-	14,765
Gross Profit		-	331,825	1,771,500	739,777	1,099,777	3,942,879

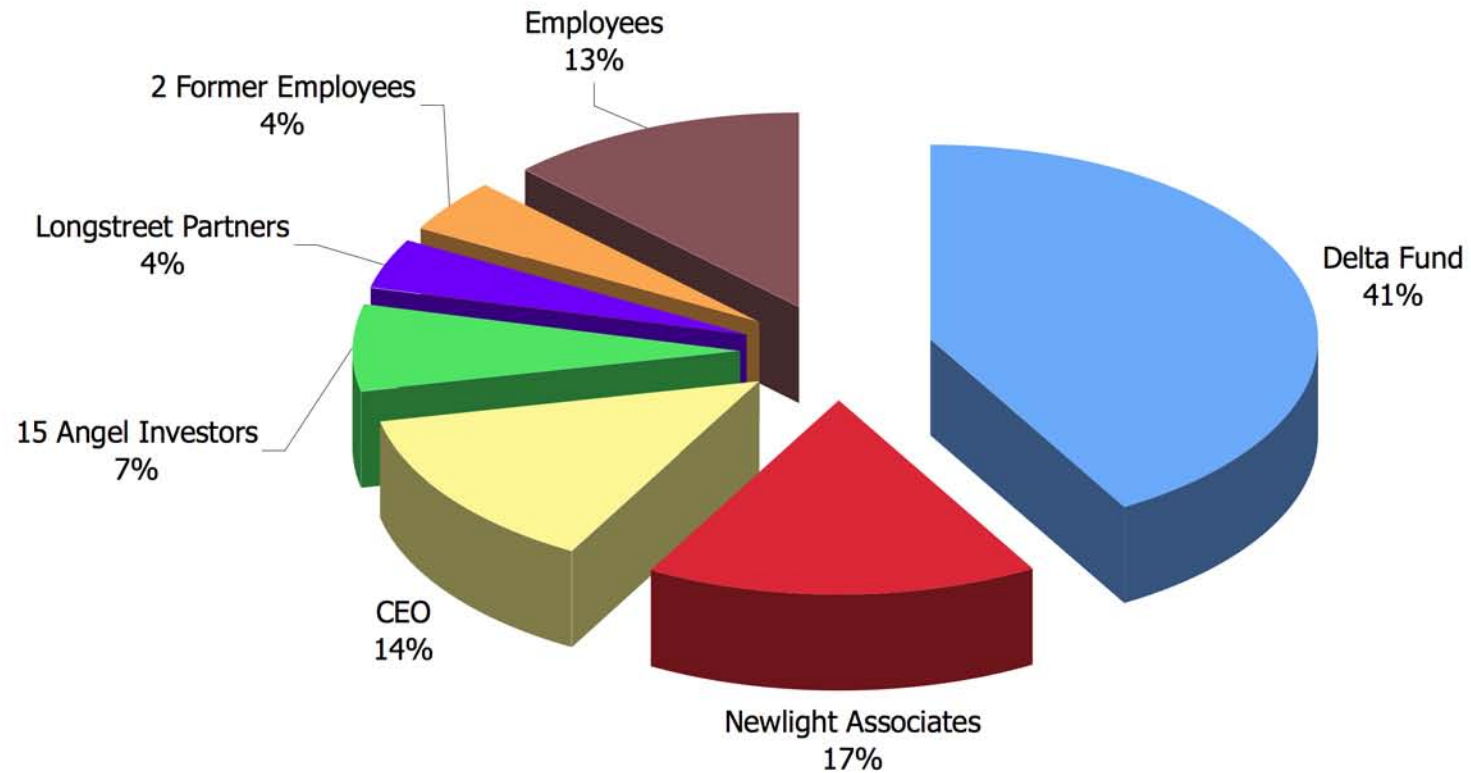
FY 2011 Revenue Stretch Case

			Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	
Revenue Recognition								
	Equipment Sales	✓	-	1,100	18,733	6,783	120,000	146,617
	Professional Services	✓	-	55,300	61,301	28,737	122,684	268,022
	Software License	✓	-	107,049	1,853,762	1,308,195	982,390	4,251,396
	Support	✓	-	145,075	259,609	146,061	119,703	670,448
	Other	✓	-	35,666	-	-	-	35,666
Total Revenue			-	344,191	2,193,405	1,489,777	1,344,777	5,372,149
Cost Of Goods Sold								
	Equipment Sold Costs	✓	-	1,045	17,030	-	-	18,075
	Professional Services	✓	-	11,320	2,400	-	7,895	21,615
	Shipping	✓	-	-	-	-	-	-
	Software License Fee	✓	-	-	-	-	-	-
	Telecommunications	✓	-	-	-	-	-	-
	Travel	✓	-	-	-	-	-	-
	Other	✓	-	-	-	-	-	-
Total Cost Of Goods Sold			-	12,365	19,430	-	7,895	39,690
Gross Profit			-	331,826	2,173,974	1,489,777	1,336,882	5,332,458

FY 2011 Revenue Backlog Projects

		Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011
Revenue Recognition						
	Equipment Sales	-	-	-	120,000	120,000
	Professional Services	-	10,000	9,000	84,000	112,000
	Software License	-	65,200	643,295	356,000	1,070,495
	Support	-	133,287	158,907	50,000	342,194
	Other	-	-	-	-	-
Total Revenue		-	208,487	811,202	610,000	1,644,689
Cost Of Goods Sold						
	Equipment Sold Costs	-	-	-	-	-
	Professional Services	-	-	-	-	-
	Shipping	-	-	-	-	-
	Software License Fee	-	-	-	-	-
	Telecommunications	-	-	-	-	-
	Travel	-	-	-	-	-
	Other	-	-	-	-	-
Total Cost Of Goods Sold		-	-	-	-	-
Gross Profit		-	208,487	811,202	610,000	1,644,689

Summary Capitalization 12-31-10



Contact Information

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